

DEPARTMENT OF FOOD AND AGRICULTURE

A.G. KAWAMURA, Secretary

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February 18, 2004

Mr. Xavier Avila President
California Dairy Campaign
2881 Geer Road, Suite D
Turlock, CA 95382

Dear Mr. Avila:

This letter is in response to the petition for a public hearing submitted to the Department via e-mail on February 4, 2004 by the California Dairy Campaign. After careful consideration of the merits of the petition, the Department has decided that it would be premature to call a hearing at this time.

While Departmental personnel have completed several of the data requests that followed the release of the Manufacturing Cost Exhibit in November 2003, the Manufacturing Cost Unit continues to work on the dry skim whey cost studies. The results of these cost studies will likely provide significant data regarding the whey component in the Class 4b pricing formula. The Department auditors estimate that the skim whey cost studies will be completed no earlier than April 2004.

For this reason, the Department prefers to complete the cost studies before beginning the hearing process to consider any adjustments to the Class 4b pricing formula.

Sincerely,

Original signed by:

Kim Myrman
Deputy Secretary

KM:EE